

THESE MINUTES HAVE NOT BEEN APPROVED BY COMMITTEE CHAIR

ADMINISTRATION AND FINANCE COMMITTEE

DATE: February 16, 2005

CALLED TO ORDER: 7:15 p.m.

ADJOURNED: 8:30 p.m.

ATTENDANCE

Attending Members

Joanne Sanders, Chairwoman
Becky Langsford
Mary Moriarty Adams
Jackie Nytes
Lincoln Plowman

Absent Members

Vernon Brown
Lynn McWhirter

AGENDA

PROPOSAL NO. 44, 2005 - rescinds a prior ordinance of the Marion County Income Tax Council and increases the County Option Income Tax rate
"Took no action"

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Wednesday, February 17, 2005. Chair Joanne Sanders called the meeting to order at 7:15 p.m., with the following members present: Becky Langsford, Mary Moriarty Adams, Jackie Nytes, and Lincoln Plowman. Absent were Vernon Brown and Lynn McWhirter. Also in attendance were Greg Bowes, Earl Salisbury, and Steve Talley.

PROPOSAL NO. 44, 2005 - rescinds a prior ordinance of the Marion County Income Tax Council and increases the County Option Income Tax rate

Chair Sanders stated that Proposal No. 44, 2005 is sponsored by Councillors Nytes, Talley, Sanders, Gray, Moriarty Adams, Brown, Bowes, Boyd, and Keller. She said the committee would conduct the meeting the same way as the previous meeting with Councillors Nytes and Talley giving an overview of the situation with COIT.

Councillor Talley said our criminal justice officials are over stressed and under funded. Our jails have been over crowded for the past 30 years, and worst of all, murderers and other dangerous criminals are being put back on the street. He said he does agree with others in saying that the increase in the County Option Income Tax (COIT) is not enough to solve this problem, but it is a good start in the right direction. Councillor Talley said since the early release of criminals in 2001, more than 9,000 offenders have been put back onto the street and five have been linked to homicides following their releases. He said that in 2004 alone, more than 1,500 people were released from jail early. Of those, 238 have committed additional crimes while awaiting trial. Councillor Talley indicated that 31% of criminals released early fail to appear for scheduled court dates.

Councillor Nytes said the COIT was adopted back in 1984 to help slow the growth of property taxes. She said there has not been an increase in the COIT rate since 1989. Councillor Nytes made a presentation on COIT (Exhibit A, attached).

- In 2001 and 2002 there was some increase in revenue generated by COIT but it has not continued to grow.
- The certified distribution for COIT 2005 is for \$104 million.
- Not all of the COIT money goes to Marion County or the City of Indianapolis. The money is distributed to other governmental needs, such as \$16 million for homestead credit, which is an opportunity to reduce the property tax burden on residents.

COIT Scenarios

- From 2001 to 2005 at 0.7% there has been some reduction in collection of COIT due to a recession at this time.

- Keeping the COIT rate at 0.7% will produce a very slight increase but not enough to address public safety needs.
- The COIT rate will be increased by one tenth (1/10) of 1% this year and subsequently increased for the next three years by one tenth (1/10) of 1% to get to the full 1% that is allowed by state law.
- The amount of increase depends on when the state actually distributes the money to the county. The current law will not distribute the money until 2007; however, there is a proposed Senate Bill 609 that will allow counties to receive their increases in 2006 (line graphic of the two scenarios in Exhibit A).
- The Council has made a commitment that the new revenue generated will be used for public safety.

Councillor Nytes referred committee members and the public to a question and answer handout and documents that show the COIT collection over the years (Exhibit B, attached). She said this proposal needs to be voted on next week in order to meet the state requirements.

Judge Jane Magnus-Stinson, said she is in support of this proposal and is grateful for the leadership that is shown in responding to the public safety needs by proposing the increase in COIT. She said her colleagues experience a great deal of frustration because of their inability to let misdemeanor criminals know there are consequences to their criminal actions. Judge Magnus-Stinson said there has to be some sense of lawfulness in the community and a sense that the judges have the authority to enforce what they say. She echoed what previous judges have indicated about the lack of resources in the courts and the effect it has on the system. Judge Magnus-Stinson pledged to the Council that the judges would work to coordinate with community correction, the probation office, the prosecutor's office, and the public defender's office. In addition the judges will work on an effective system that assesses offenders appropriately, places them according to their assessment, and ensures our community is investing their public safety dollars wisely.

Judge David Dreyer, said he urges the passage of this proposal and the increase is justified. He said this increase will go a long way in showing the public that we are meeting the needs and governing well.

Kevin Murray, counsel to Sheriff Frank Anderson, highlighted Sheriff Anderson's report to the federal court.

- One of the issues is jail staffing. The Council has given approval to hiring the minimum amount of correctional officers, although there is a high turn over rate, which means more resources have to be used for education and training.

- Security in the City-County Building (CCB) is also a great concern to Sheriff Anderson. The study gave numerous indications on how unsafe the CCB is.
- Sheriff Anderson tried to cut back on all overtime throughout the Sheriff's Department including the court line staff. Presiding judges indicated that there cannot be a cut back on court line staff because the courts would then have to cut back on court session, which will lead to jail overcrowding.

Mr. Murray said in behalf of the Sheriff, he thanks the Council for their leadership and gives his support of the COIT increase.

Councillor Moriarty Adams asked if the Sheriff will be seeking more dollars for court line deputies. Mr. Murray replied in the affirmative.

Councillor Talley asked if any studies have been conducted on the cost of video conferencing rather than transporting inmates to court. Mr. Murray said Sheriff Anderson moved to video visitation to cut down on personnel and staffing. He said the Criminal Justice Planning Counsel (CJPC) is also taking a look at video conferencing.

Councillor Nytes asked if the judges and the sheriff would work together in identifying priorities and advised the Council as to what they would recommend the priorities be. Mr. Murray said (speaking on behalf of the Sheriff) he believes the CJPC is the vehicle to help everyone make those decisions.

Councillor Salisbury said he agrees that the Council needs to do everything they can to keep the crime off the streets, but he is concerned with the financial side of this proposal. He said when looking at the COIT scenarios, one thing that is not being taken into consideration is that when you tax someone to a certain point they are no longer motivated to make money. Councillor Salisbury said he is concerned that taxpayers will leave the county due to tax increases and this proposal needs to be reevaluated.

Bart Brown, Chief Financial Officer, said there are 92 counties that already have the COIT at 1% or higher in place; therefore, taxpayers may leave for other reasons but they will be taxed at the same income tax rate.

Sue Swayze, representative of the Greater Indianapolis Chamber of Commerce, said that the Chamber has been talking about an increase in COIT for several years. She directed the committee to the Chamber's most recent report called Invest in Indianapolis (Exhibit C, see file). Ms. Swayze said the report highlights two main subjects; increasing the investment in the community and expecting more government efficiency. She said there are three reasons why the COIT should be increased:

- 1) The County and City budgets demand the increase.

- 2) The legislature expects the increase in COIT. The chamber has had some difficulty going to the General Assembly for local needs without full usage of the tools they already have in place.
- 3) The increase would be a release valve from property tax.

Chair Sanders asked how many businesses the Chamber represents. Ms. Swayze said they represent over 3,800 businesses in central Indiana.

Jim Galt, citizen, said he is interested in public safety and keeping criminals off the street, but he is a believer in long ranch planning. He said there are simpler ways to solve problems such as public safety without raising taxes. Mr. Galt said he could only support this proposal if there is a plan to give the money back to the taxpayers.

Councillor Nytes said the Council is looking at a long ranch financial plan, and they owe that to the citizens.

Councillor Moriarty Adams said last year the CJPC put together a strategic plan to address many of the criminal justice and public safety needs for the city and the county.

Chair Sanders read a letter from Indiana taxpayers, into record (Exhibit D, attached).

Councillor Plowman said he is not sure that raising taxes is courageous. The Council can raise COIT to the maximum and that will still not take care of the judges plan to hire additional judges that are needed or address the other needs that are facing the public safety system. He said he is keeping an open mind on a tax increase, but it is not the total cure to solve the problem.

Chair Sanders said the committee realizes that raising COIT is not going to solve everything, but they need to start somewhere.

Councillor Langsford asked why there is no commitment that the money raised would go to public safety for the next two years. Councillor Nytes said the money that would be raised in the first one tenth (1/10) of 1% would go to criminal justice and public safety and would remain there. She said if the money is used to hiring additional staff or fund another court that money will still be needed year after year. Councillor Nytes said what is not clear is how the second one tenth (1/10) of 1% would be spent.

Councillor Moriarty Adams asked if the Council could take the COIT to the full 1% now. Councillor Nytes said the way the ordinance is written the Council can only increase the COIT by one tenth (1/10) of 1% each of the next three years, unless the Council votes to freeze the increase.

Mr. Brown said in 2006 the city cannot help the county with their budget; therefore, this COIT increase will help the county fund it's own budget. He said the increase alone will

not solve all the problems, and he would be happy to provide the Council with other options of generating money.

Chair Sanders said the committee would be voting on this proposal Tuesday, February 22, 2005.

CONCLUSION

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 8:30 p.m.

Respectfully submitted,

Joanne Sanders, Chairwoman
Administration and Finance Committee

JS/as

